



Introduction



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INTRODUCTION



The STRS Member Handbook provides an overview of the programs and services administered by the State Teachers' Retirement System (STRS). It has been prepared to answer frequently asked questions about your retirement system and to help you understand the benefits of membership in the STRS Defined Benefit Plan (DB) and your responsibilities as a member.

Creditable service and *creditable compensation* are terms that appear often in this handbook. The simple description of "creditable service" is the kind of work activities that count toward years of service for STRS retirement purposes. Creditable compensation, on the other hand, is the pay that members of the STRS DB Plan receive for creditable service that counts for retirement purposes. The

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Teachers' Retirement Law defines what counts and what does not. So when you see "years that you've worked" or "salary," in this handbook, those terms refer to the total years or dollars that count for STRS retirement purposes.

Another term that is used in this handbook is "allowance," which refers to the monthly benefits paid under one of the STRS retirement, disability, or survivor programs.

The glossary in Section XI will help to explain other concepts and terms you will find in this Handbook.

We hope that you will refer to the STRS Member Handbook often throughout your career in education. If you need additional information, other resources are listed in Section X, General Information.

A Brief History of the California State Teachers' Retirement System

The California State Teachers' Retirement System was established by law, in 1913, to provide retirement benefits to California's public school teachers. Membership in the STRS Defined Benefit Plan (DB Plan) includes all employees in California public schools in positions requiring membership, from kindergarten through community college.

With more than 544,000 active and retired members and benefit recipients, STRS is the nation's largest public teachers' pension organization and the fourth largest public retirement system in the country in terms of the Fund's market value.

Teachers' Retirement Board

The State Teachers' Retirement System is administered by the 12-member Teachers' Retirement Board (Board). The Governor appoints eight members to serve four-year terms.

- two teacher representatives from kindergarten through twelfth grade appointed by the Governor from a list of candidates recommended by the Superintendent of Public Instruction
- a retired member of STRS from a list of candidates recommended by the Superintendent of Public Instruction
- a community college instructor who has expertise in the areas of business, economics, or both, appointed from a list submitted by the Board of Governors of the California Community Colleges
- a member of the governing board of a school district or a community college district, appointed from a list of candidates recommended by the Superintendent of Public Instruction
- an insurance official
- an officer of a bank or savings and loan institution, who has at least five years of broad professional investment experience
- a person to serve as a public representative
(The last three appointments require Senate confirmation.)

Four Board members serve in an ex-officio capacity by virtue of their constitutional office: the State Superintendent of Public Instruction; the State Controller; the State Treasurer; and the State Director of Finance.

The Teachers' Retirement Board sets the policies and makes rules for the State Teachers' Retirement System (System) and is responsible for ensuring that benefits are paid by the System in accordance with law.

The Board appoints a Chief Executive Officer who is responsible for the administration of the System consistent with the Board's policies and rules. The Board also selects a Chief Investment Officer who is responsible for the investment of the Teachers' Retirement Fund, in accordance with Board policy.


The Board has four standing committees: Investment (a committee of the whole); Benefits and Services; Budgets and Audits; and Executive Compensation.

Teachers' Retirement Fund

The Teachers' Retirement Fund is a special trust fund established by law that holds STRS DB Plan assets. The assets come from employee contributions, employer contributions, and state of California contributions and appropriations. The Fund's investments create a stream of income to add to those assets.

When selecting investments, the Teachers' Retirement Board applies standards of safety, diversification, liquidity, and structure for a complete and profitable investment portfolio. The System's portfolio includes stocks, bonds, real estate, and short term investments. Within these categories, the System further diversifies by holding a variety of issues within each segment.

As of May 31, 1997, the STRS Fund market value was \$72.2 billion.

 For further information about Teachers' Retirement Fund investments, call STRS Teletalk at 1-800-228-5453 and select message #800.